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Sector Report: Tourism in West Bank/Gaza

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TO THE

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MARGOT ELLIS, CTO

BY

MASSAR ASSOCIATES

THE SERVICES GROUP (TSG)
2300 CLARENDON BOULEVARD 1110
ARLINGTON, VIRGINIA 22201
USA
WWW.TSGINC.COM

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Introduction

The Holy Land is an exclusive tourist destination, attracting visitors from a wide range of religious and ethnic backgrounds. It is the shrine of three religions: Islam, Christianity, and Judaism. In terms of location, it is situated at the crossroads of Africa, Asia, and Europe. The Holy Land is a place where many civilizations and cultures have lived, interacted, and assimilated. The area is known for its moderate weather and unique geography, two factors that enhance its tourism potential.

In order to improve the infrastructure of the tourism industry, the Palestinian National Authority invested about $500-700 million in the last five years. The investment was mostly concentrated in the hotel sector, the tourism transportation, tour operators and travel agents. Until the beginning of the current Intifadeh in September 2000, the Holy Land enjoyed a high influx of tourists. It is estimated that nearly one million tourists visited the Palestinian areas in the year 2000, generating approximately $450 million in tourism revenue. The contribution of the tourism sector to the Palestinian national economy was larger than either the industrial or agricultural sectors.

The tourism sector contains a number of sub-sectors. The most important sub-sector is the hotel industry, which contributes 25% of total tourism revenues, and generates 46% of total employment in the tourism sector. Furthermore, investment volume in the hotel industry is estimated at $167 million, in addition to $55 million invested in hotel projects that are under construction. The substantial development in the hotel industry up until the last quarter of 2000 was accompanied by a tangible increase in the level of provided services. This was evident in the performance level of the work force at the new hotel projects, and other service areas such as new restaurants. Entry of international brand names such as the Intercontinental chain to the hotel industry in West Bank/Gaza add significant value to the growth prospects of this industry.

According to Israeli sources, more than 1.5 million tourists visit the Holy Land every year. The number of visitors, however, highly depends on political stability. For example, during the Gulf War in 1991, the number of arrivals to the Holy Land dropped to 1.06 million, but the number jumped to 2.5 million in 1995, as a result of the peace process.

Table 1: Number of Tourists Visiting the Holy Land

Year	1995	1996	1997	1998	1999	2000
Bethlehem *	1,104,520	644,130	537,643	601,307	659,322	850,000
Holy Land **	2,530,600	2,360,200	2,295,432	2,230,000	2,500,000	2,700,000

*Source: * Palestinian Ministry of Tourism; ** Israeli Ministry of Tourism*

According to an Israeli survey for the year 1998, data shows that 67% (over 1.5 million) of tourists who visited the Holy Land indicated that they visited Bethlehem.

Figure 1: Number of Tourists to the Holy Land

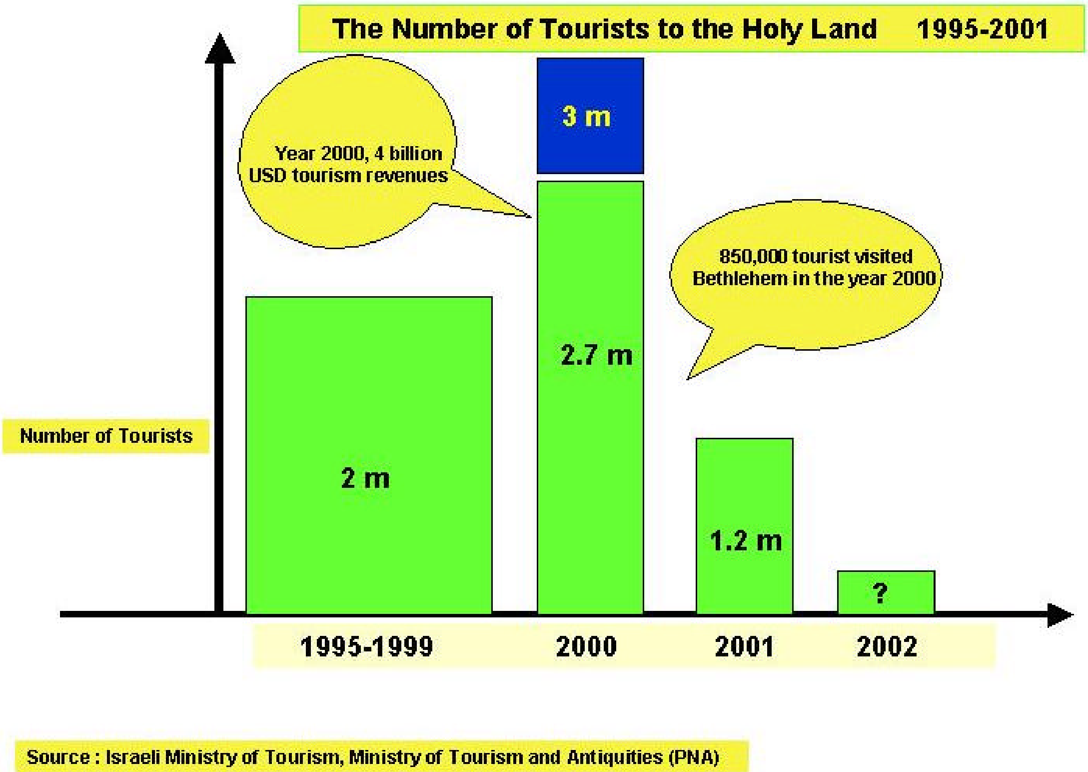
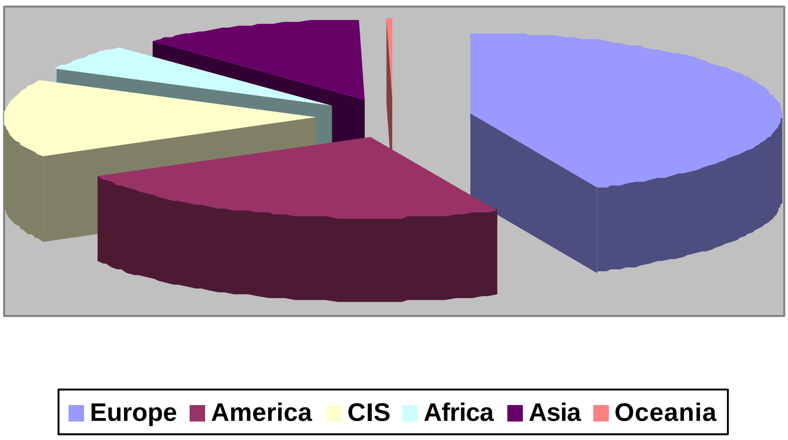


Figure : Visitors country of residence



Source: Tourist's Profile and Attitude Survey, Massar Associates, 2000.

According to a survey conducted by Massar Associates in 2000 over 50% of visitors come to the Holy Land for religious and pilgrimage objectives, 24% for touring and sightseeing, and 16% visit for leisure, recreation and holiday reasons.

So far, the majority of tourists who visit the Holy Land are considered Christian Pilgrims (90% visit Bethlehem); therefore, tourism in West Bank/Gaza is highly influenced by seasonal factors. It is mainly around Christmas and Easter that this segment of visitors is attracted to visit West Bank/Gaza. However, as the statistics show, other segments seeking pleasure visit the country in late summer and beginning of autumn. Consequently, much has to be done in order to exploit other segments of tourists coming for business conventions and leisure.

The table below shows the number of visitors who came to Bethlehem on a monthly basis between the years 1997 and 1999. The figures illustrate how the number of tourists visiting the city is affected by season.

Table 2: Number of Visitors to Bethlehem

Month	Year		
	1997	1998	1999
January	27,748	36,069	28,913
February	34,234	40,149	38,411
March	38,699	51,586	49,085
April	57,772	61,846	56,546
May	58,414	64,630	53,046
June	40,932	48,784	43,170
July	44,115	49,347	49,847
August	15,955	48,858	62,596
September	44,503	49,347	65,596
October	67,266	66,418	87,374
November	72,382	59,166	73,469
December	35,623	24,612	51,492
Total	**537,643**	**601,307**	**659,322**

Source: Palestinian Ministry of Tourism

Training Institutions

There are four main training institutions in the West Bank; two of them are based in the Bethlehem area. The table below highlights different programs available.

Table 3: Training Institutions

Institution	Programs	Enrolled	Cost	Other plans
Bethlehem University	Hotel Management (BA) Hotel Management (2 years) Travel Agency (1.5 years) Guiding (1.5 years)	39 30 23 9	$700/semester $700/semester $700/semester $700/semester	
Arab Orphanage Committee Ramallah	Hotel Management and Tourism (2 years)	32	$560/2 years	
Talitha Qumi Beth-Jala	Food and Beverage (2 years)	10	$450/semester	
Notre Dame Jerusalem	Food and Services operation (2 years) Accommodation Operation (2 years)	40 40	$2,500/2 years $2,300/2 years	To concentrate more on food and beverage

Source: Training Needs Assessment, Massar Associates, 2002.

Tourism Sub-Sectors

A. Hotels

The number of hotels in the Palestinian territories is 116. Those in active use throughout the summer of 2000 numbered 108 hotels. According to the Arab Hotel Association there were only 60 hotels operating in the Palestinian areas as of the first quarter of 2001.

The total available rooms in the active hotels as of September 2000 were 4,737 with total available beds of 10,037. These numbers are small when compared to Israel. The total number of Israeli beds in 2000 has reached 101,000. Active hotels within the Palestinian areas are distributed as follows:

1. North: 8 hotels including 132 rooms and comprising 291 beds.
2. Middle: 19 hotels including 664 rooms and comprising 1,355 beds
3. Jerusalem: 43 hotels including 1,997 rooms and comprising 4,446 beds
4. South: 23 hotels including 1,469 rooms and comprising 3,131 beds
5. Gaza: 15 hotels including 475 rooms and comprising 914 beds.

**Source: Palestinian Central Bureau of Statistics website, 2000*

The majority of hotels in the West Bank are concentrated in the Bethlehem area with more than 15 hotels. Ramallah has 10 hotels. Such figures do not include motels and religious guesthouses. Additionally, there are eleven hotels under construction in the Bethlehem area. Hotels constitute the backbone of the Palestinian tourism sector in terms of income, investment and employment. The peace process motivated several investments in the tourism sector, from hotel construction and renovation, to shops and restaurants.

Table 4: Classification of Palestinian Hotels

Category	Number	Rooms	Beds
5 Stars	5	813	1,572
4 Stars	10	840	1,630
3 Stars	26	1,725	3,561
2 Stars	18	613	1,204
1 Star	12	414	643
Pension	11	99	243
Guesthouse	6	218	476
Religious Institutions	23	604	1,541
Total	**111**	**5,326**	**10,870**

** Source: Palestinian Ministry of Tourism*

B. Tour Guides

As of December 2000 there were 231 tour guides. The majority of them are from Jerusalem (126). Demand for more guides is relevant to the number of incoming tourists to the Holy Land. Experts in the field expect that the number of Palestinian guides will triple by 2005.

C. Travel Agents

There are more than 90 tourism and travel agencies in the West Bank and Gaza Strip. Ten percent of these are active in the area of hosting incoming tours while the majority serve primarily as travel booking agencies. In East Jerusalem there are 35 travel agencies that do both incoming and outgoing activities. Eighty per cent of incoming tourism arrives through agencies in East Jerusalem.

D. Local Handicrafts

The olivewood and mother of pearl production industry is mainly concentrated in the Bethlehem area. Glass and ceramics business is mainly concentrated in the Hebron area.

E. Tourist Transportation Companies

Companies in this field are centered in East Jerusalem. Two bus companies are available in the West Bank.

F. Souvenir Shops

The majority of shops are concentrated in East Jerusalem and Bethlehem.

G. Employment

The following table shows the number of tourist establishments and employees in the tourism sector:

Table 5: Number of Tourist Establishments in West Bank/Gaza

Establishment	Number of Establishments	Number of Employees
Hotels in West Bank/Gaza-excluding East Jerusalem	60	1496
Hotels in East Jerusalem	46	959
Hotels under construction	11	-
Religious Guesthouses	7	Unavailable
Travel Agencies in PNA areas	92	285
Travel Agencies in Jerusalem	35	172
Souvenir Shops in PNA areas	72	419
Souvenir Shops In East Jerusalem	188	436
Tour Guides in PNA areas	-	105
Tour Guides in Jerusalem	-	126
Tourists Transportation Companies in PNA areas	2	22
Tourists Transportation Companies In East Jerusalem	12	231
Tourism Restaurants in PNA areas	82	412
Tourism Restaurants In East Jerusalem	8	82
Olive Wood and Mother of Pearl Workshops	76	235
Hebron Glass Workshops	8	41
Ceramics Workshops	12	96
Mother of Pearl factories	26	128
Total	**742**	**5,297**

Source: Palestinian Ministry of Tourism

Hotels:

- The number of workers in the hotel services sector is 2,455 of which 2,192 are males and 263 are females, 61% of those work in the West Bank and Gaza Strip. Five hundred and fifteen employees work in administrative positions, while the remainder works in the production area. The work force in the hotel industry constitutes 46.5% of the total number of employees in the tourism sector. Therefore, the hotel sector is considered the backbone of the tourism industry in terms of income, employment and tourist attraction.
- The number of employed persons in Palestinian hotels has almost doubled between years 1996 (946 employees) and 1999 (1845).
- A good number of those working in production do not hold a university degree.
- The labor force for a new hotel usually emanates from workers coming mainly from existing hotels.

Tour Guides:

- Due to the difficulty of obtaining an Israeli-tour guiding license, the number of tour guides in East Jerusalem has not largely changed. These guides, due to their age, tend to be very experienced.

- On the contrary, the majority of tour guides in the West Bank is young and lack sufficient experience.
- A general problem facing this sub-sector is the lack of tour guides who speak languages other than English or French.
- The total number of Israeli guides exceeds 4,000 with more than half operating on a full-time basis.

Travel Agencies:

- Between 1995 and 2000 the number of tourists and travel agencies in West Bank and Gaza Strip increased three-fold.
- On the assumption that there will be a substantial increase in tourism activities if the political situation stabilizes, more experts will be needed. The current number of experts does not exceed 15, working in the West Bank and Gaza Strip tourist agencies.

Contribution of Tourism Towards GDP

It is hard to estimate the real contribution of the Palestinian tourism sector towards GDP, especially before the existence of Palestinian National Authority, due to the following:

1. Special conditions of East Jerusalem, which is under Israeli regulation.
2. The Palestinian National Authority has no control over borders. It is difficult, therefore, to conduct visitor surveys.
3. Tourism project owners do not disclose actual numbers.

Certain studies indicate that the Palestinian tourism sector revenue generation reached $152 million in 1995. This income increased to $450 million in the period for 1999-2000, equivalent to 12.8% of the income generated by the tourism sector in Israel. The reasons behind this increase in revenue include:

1. An increase in the number of hotel beds.
2. An increase in the number of travel agencies
3. Palestinian travel agencies have started to become more independent from Israel
4. An increase in certain marketing activities
5. Celebrating the new millennium.

Tourism Potential

In addition to its religious, historic and archeological wealth, West Bank/Gaza is unique for its natural resources; coastal areas (Gaza Strip), scenic mountainous landscape (Ramallah, Hebron), and the famous Jordan Valley (historic city of Jericho, Dead Sea). There are several health resorts and recreational facilities in the Jericho/Dead Sea area. A state-of-the-art casino was opened in late 1998 on the outskirts of Jericho; shortly after, a five-star international hotel was erected as an expansion to the Oasis Casino project. Major Palestinian investors were about to launch a world-class theme park in 2001, but they decided to postpone implementation until political stability returned. Moreover, cultural heritage, entertainment and recreational opportunities, and conference facilities are additional potential attractions for local, regional, and international tourists.

West Bank/Gaza tourism potential can be fully achieved if:

a. West Bank/Gaza will become a sovereign nation
b. A more aggressive tourism marketing strategy is pursued

Under the assumption that a stable political environment will prevail, tourism experts expect that arrivals to the Holy Land should increase by more than 3 million visitors by 2010. Under this situation, West Bank/Gaza's share would increase substantially. The following table shows estimated numbers of the total arrivals between the years 2000 and 2010.

Table 6: Estimated Growth in Arrivals to the Holy Land

Item	Year			
	1996	2000	2005	2010
Arrivals	2,100,000	2,358,030	3,575,180	5,420,580
Receipts (millions US $)	2,942	3,303	5,009	7,594
Growth rate (%)		12	52	52
Average rate	37%			

Source: WTO and Chemonics International

As far as international arrivals are concerned, in the near term, the European markets will continue to dominate the inbound markets with annual arrivals of more than 55% of the total. The United Kingdom, Italy, Germany and France constitute the majority of international visitors. However it is anticipated that the U.S and the Far East countries will be the major source of arrivals. It is also worth noting that the number of Russian tourists visiting the Holy Land is on the increase.

Contacts

1. Ministry of Tourism and Antiquities
   PO Box 534
   Bethlehem
   Tel: 02 – 2741581

2. Trade Associations
   1. Arab Hotel Association www.West Bank/Gazahotels.org
   2. Bethlehem Hotels Association www.bethlehemhotels.org
   3. West Bank/Gaza Hotels Association (Gaza Governance) www.gazahotels.com
   4. Union of Arab Guides
   5. Arab Tourist and Travel Agents Association
   6. Arab Tourist Restaurant Association
   7. Arab Union of Tourist Transport Companies
   8. Panel of Airline Representatives in E. Jerusalem
   9. Skal Club Association